



*United States Attorney  
Southern District of New York*

**FOR IMMEDIATE RELEASE  
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**FORMER ERNST & YOUNG PARTNER SENTENCED IN MANHATTAN  
FEDERAL COURT TO PRISON FOR INSIDER TRADING SCHEME**

PREET BHARARA, the United States Attorney for the Southern District of New York, announced that former Ernst & Young, LLP ("E&Y") partner JAMES GANSMAN was sentenced today to a year and a day in prison for his participation in a scheme to trade on confidential information he obtained from E&Y. GANSMAN was convicted following a May 2009 jury trial of six counts of securities fraud. The sentence was imposed by United States District Judge MIRIAM GOLDMAN CEDARBAUM, who also presided over the trial in Manhattan federal court.

According to documents filed in this case and the evidence at trial:

As a partner at E&Y, GANSMAN had access to confidential firm information about numerous merger and acquisition transactions involving E&Y clients. In breach of his fiduciary and other duties to E&Y and its clients, GANSMAN passed this inside information to investment banker DONNA MURDOCH, who traded on the information, gaining more than \$230,000 in profits.

In particular, from May 2006 through July 2007, E&Y advised various entities in connection with mergers and acquisitions involving publicly traded companies, including Freescale Semiconductor, Portal Player, Spectralink, K2, and Dade Behring. GANSMAN, an attorney, was the partner at E&Y in charge of the human resource consulting services that E&Y provided for the transactions. In that capacity, GANSMAN obtained confidential inside information about the transactions, which he then regularly leaked to MURDOCH. After receiving the information, MURDOCH purchased securities of the targets of those acquisitions, and, following public disclosure of the acquisitions, sold the previously purchased securities for a substantial profit.

GANSMAN, 49, of New York, New York, was found guilty of six counts of securities fraud and acquitted of one count of conspiracy to commit securities fraud and three other counts of securities fraud. In addition to the prison term, Judge CEDARBAUM sentenced GANSMAN to six months of supervised release.

MURDOCH previously pleaded guilty in this matter and testified during at GANSMAN's trial. She is currently scheduled to be sentenced by Judge CEDARBAUM on April 28, 2010, at 11:00 a.m.

Mr. BHARARA praised the investigative work of the Federal Bureau of Investigation and thanked the United States Securities and Exchange Commission for its assistance.

Assistant United States Attorneys JONATHAN R. STREETER and VIRGINIA CHAVEZ ROMANO are in charge of the prosecution.

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